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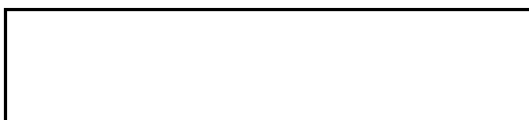
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DIA review(s) completed.



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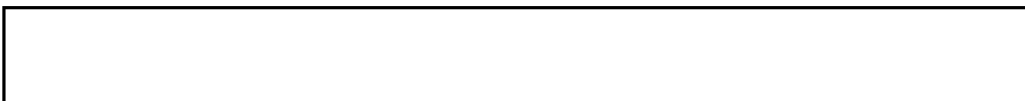
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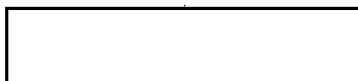


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TURKEY

The Turkish National Security Council will meet today to consider action in retaliation against the US arms embargo.

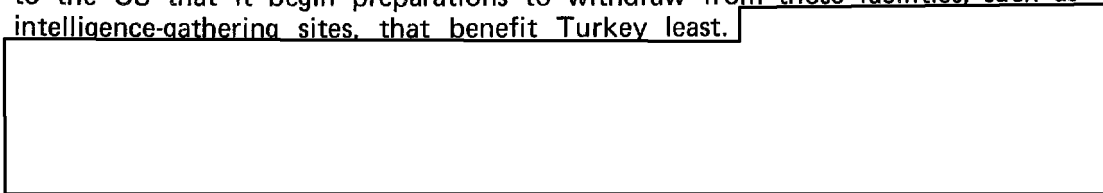
In a press conference yesterday, Prime Minister Demirel seemed to be laying the groundwork for a government decision to initiate action to close certain US bases and, possibly, to alter Turkey's relationship with NATO. He said Turkey cannot be expected to carry out bilateral agreements that have been unilaterally abrogated by the US. Demirel called on NATO to "heal the wounds" caused by the arms embargo and hinted that, if Turkey's West European allies will not help meet its arms needs, Ankara might consider reducing or ending its participation in the Alliance.



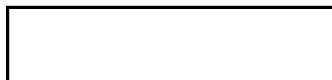
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Demirel reportedly has become convinced that the US Congress will not agree to lift the embargo and he may see the threat of firm action as Turkey's only means of bringing pressure on the US to change its policy. To make the threat more credible, he may be willing to take the first steps toward reducing the US presence and to serve notice that Turkey is considering withdrawal from NATO's military structure.

To take such action, however, Demirel will need the agreement of the Turkish military leaders, and these leaders, so far, have demonstrated considerable reluctance to take any irreversible steps. Turkish generals, most of whom believe that Turkey has no alternative to its alliance with the US and Western Europe, are likely to argue at today's Council session for a go-slow approach. They might begin with a request to the US that it begin preparations to withdraw from those facilities, such as intelligence-gathering sites, that benefit Turkey least.



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FRANCE

French Prime Minister Jacques Chirac resigned as secretary general of the Gaullist Party at the party's national convention this weekend. By doing so, the Prime Minister removed himself from the day-to-day running of the party and silenced critics who had protested his simultaneous heading of both the government and its major party. He will doubtless continue as leader of the Gaullists in all but name.

Chirac—considered a maverick by old-line Gaullists because he was one of the first to desert the party's candidate in favor of Giscard in the presidential election last year—wrested control of the party away from the Gaullist "barons" last December. At that time, he announced that his takeover was a stop-gap measure until the party's national convention, originally scheduled for February.

The Prime Minister has infused the party with a new dynamism, given it a sense of purpose, and moved it more firmly into support of President Giscard. The Gaullists control the largest block of seats in the National Assembly and are an essential part of Giscard's majority. Chirac's successor as titular head of the party will be selected within 30 days by the Gaullist National Council, the same body that Chirac bent to his will last December.

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ARGENTINA

The growing rift between the government and organized labor has greatly increased restiveness among the military, already alarmed over the nation's deteriorating economic and political situation. Officers have been meeting to determine what to do in the event of major, nationwide union demonstrations, which workers have threatened to hold as early as today.

For nearly two weeks, workers in several cities have been engaging in work stoppages and demonstrations to protest recently announced price hikes. Sharp increases have been announced for gasoline, utilities, some foodstuffs, and other commodities. A few people have been injured during government efforts to put down disturbances.

Last Friday, the Peronist labor confederation rejected an offer of a 45-percent wage increase.

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There are indications that union leaders feel they cannot afford to compromise, lest they lose their prestige and even their positions, in the face of growing dissatisfaction among the rank and file. The US embassy believes that presidential adviser Lopez Rega, who is behind the recent economic moves, may be working to cause the departure of the top Peronist labor leaders so that he can extend his own influence still further.

Thus far, the officers do not appear to have decided whether or how to intervene politically. Their mounting concern over the nation's problems, coupled with their extreme dislike of Lopez Rega, however, seems to be overcoming their hesitancy to get involved in political matters.

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MALAGASY REPUBLIC

Naval commander Didier Ratsiraka was named head of state and government yesterday by the 18-member military directorate that has run the Malagasy Republic since early February. The directorate then dissolved itself, and General Gilles Andriamhazo, the moderate who had headed it, was moved to an inconsequential post, according to press reports. The transfer of power came after several months of maneuvering by the 39-year-old Ratsiraka, who led the radical faction in the directorate.

Ratsiraka was foreign minister of the Indian Ocean island from mid-1972 until early this year. As the architect of Madagascar's militant nonaligned policy, he drastically altered its once strong bonds with France, cut the controversial ties with South Africa, and established relations with several communist countries.

The US embassy in Tananarive believes bilateral relations will continue to be somewhat difficult and involve tough negotiations. Ratsiraka will almost certainly demand a large back-rent payment from the US as the price for extending the agreement that permits NASA to operate a tracking station on the island; the agreement formally expired at the end of 1973. Ratsiraka pressed for such a payment when he was foreign minister and again last March after becoming a member of the directorate.

Ratsiraka's new job will not be easy. One of his major tasks will be to lessen the ethnic animosities between his fellow coastal tribesmen and the Merina people of the interior highlands. These animosities have been a major cause of political unrest, and they still threaten to create a serious split between the coastal-dominated gendarmerie and the Merina-dominated army.

He will also have to deal with a sluggish economy and food shortages that have led to high prices in the capital, largely populated by Merina. The Merina middle class will be concerned about Ratsiraka because of his espousal of socialist domestic policies. Some Merina also charge that Ratsiraka was behind the recent acquittal of coastal tribesmen accused of complicity in the assassination in February of the country's president.

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LEBANON

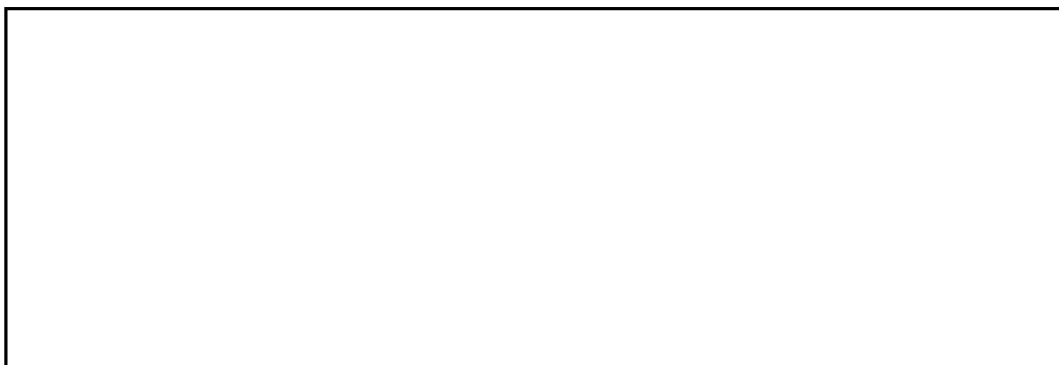
Prime Minister-designate Rashid Karami announced Friday that he will need at least another week to form a government. After three weeks, he still has not wrung concessions from leaders of the right-wing Phalanges Party, who demand representation in a new cabinet, or from leftist leaders, who insist that the Phalangists be left out.

Leftist leader Kamal Jumblatt has altered his strategy somewhat; he now says his Progressive Socialist Party will not participate in a new government. He hopes thus to force Karami to exclude the Phalangists as well.

Karami, who draws support from the same leftist and pro-Palestinian groups that back Jumblatt, would in most circumstances have welcomed Jumblatt's position. It would result in a weak cabinet that could be easily dominated by Karami.

The two largest Christian parties—the Phalangists and the National Liberals—however, are united against the plan, and Karami cannot risk the renewed fighting that might result from an attempt to freeze the Phalangists out. For now, he is attempting to persuade the Phalangists to accept their being left out temporarily.

Karami's task has been complicated by the fact that President Franjiyah is apparently reinforcing the Phalangists' position. Franjiyah, who appointed Karami reluctantly, would take satisfaction if Karami should fail.



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The continuing delay in forming a government increases the chances that the public will lose confidence in Karami, widely considered Lebanon's last hope, and that widespread street fighting will resume. Right-wing Christian militias and

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fedayeen and leftist groups are rearming in preparation.

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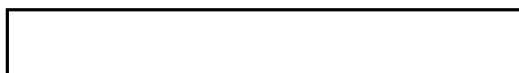
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